

**Senate File 412 - Introduced**

SENATE FILE 412  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO SSB 1024)

**A BILL FOR**

1 An Act providing for a small employer health insurance tax  
2 credit for individual and corporate income taxpayers and  
3 including retroactive applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11E Small employer health  
2 insurance tax credit.

3 1. The taxes imposed under this division, less the credits  
4 allowed under section 422.12, shall be reduced by a small  
5 employer health insurance tax credit equal to twenty-five  
6 percent of the federal small employer health insurance tax  
7 credit provided in section 45R of the Internal Revenue Code to  
8 a taxpayer whose commercial domicile, as defined in section  
9 422.32, is in this state.

10 2. An individual may claim the tax credit allowed to a  
11 partnership, limited liability company, S corporation, estate,  
12 or trust that elects to have the income taxed directly to the  
13 individual. The amount claimed by the individual shall be  
14 based upon the pro rata share of the individual's earnings of  
15 the partnership, limited liability company, S corporation,  
16 estate, or trust.

17 3. Any credit in excess of the tax liability is refundable.  
18 In lieu of claiming a refund, the taxpayer may elect to have  
19 the excess shown on the taxpayer's final, completed return  
20 credited to the tax liability for the following tax year.

21 Sec. 2. Section 422.33, Code 2013, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 15. The taxes imposed under this division  
24 shall be reduced by a small employer health insurance tax  
25 credit authorized pursuant to section 422.11E.

26 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
27 retroactively to January 1, 2013, for tax years beginning on  
28 or after that date.

29

EXPLANATION

30 The federal Patient Protection and Affordable Care Act (Pub.  
31 L. No. 111-148) provided for a small employer health insurance  
32 income tax credit (section 45R of the Internal Revenue Code)  
33 equal to a certain percentage of the cost of health insurance  
34 premiums made by an eligible small employer on behalf of its  
35 employees. This bill provides for an Iowa individual income

1 and corporate income tax credit in an amount equal to 25  
2 percent of the federal credit for a taxpayer whose commercial  
3 domicile is in this state.

4 An individual may claim the tax credit allowed a  
5 partnership, limited liability company, S corporation, estate,  
6 or trust electing to have the income taxed directly to the  
7 individual, based upon the pro rata share of the individual's  
8 earnings. The tax credit is refundable or may be carried  
9 forward to the next tax year.

10 The bill applies retroactively to January 1, 2013, for tax  
11 years beginning on or after that date.